

ITEL

October 4, 1988

Itel Rail Corporation

55 Francisco Street
San Francisco, California 94133
(415) 984-4000

RECORDATION NO. 15063-0 FILED IN

OCT 7 1988 - 10 44 AM

INTERSTATE COMMERCE COMMISSION

Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Re: Amendment No. 7 dated as of September 20, 1988, to the
Security Agreement between Itel Rail Corporation and
Heller Financial, Inc.

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Amendment under the Security Agreement dated as of September 30, 1986, between Itel Rail Corporation and Heller Financial, Inc., which was filed with the ICC on October 7, 1986, under Recordation No. 15063.

The parties to the aforementioned instrument are listed below:

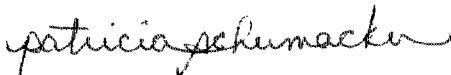
Itel Rail Corporation (Borrower)
55 Francisco Street
San Francisco, California 94133

Heller Financial, Inc. (Secured Party)
200 North LaSalle Street
Chicago, Illinois 60601

This Amendment amends Section 2.2 of the Security Agreement with respect to the method of reporting those lessees or sublessees who have been granted non-disturbance rights referred to in Section 9.7 of the Loan Agreement.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,



Patricia Schumacker
Legal Department

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INTERSTATE COMMERCE COMMISSION

AMENDMENT NO. 7 TO SECURITY AGREEMENT

This Amendment No. 7 to Security Agreement (this "Amendment") is dated as of September 20, 1988 by and between Heller Financial, Inc., a Delaware corporation (the "Secured party"), and Itel Rail Corporation, a Delaware corporation (the "Borrower").

R E C I T A L S

A. Reference is made to the Security Agreement between the Borrower and the Secured Party dated as of September 30, 1986, as amended (the "Security Agreement"). Each capitalized term not otherwise defined herein shall have the meaning assigned to such term by the Security Agreement.

B. The Secured Party and the Borrower have entered into that certain Amendment No. 5 to Loan and Security Agreement dated as of the date hereof (the "Loan Amendment").

C. In connection with the matters covered in the Loan Amendment, the parties hereto have agreed to amend the Security Agreement.

NOW THEREFORE, in consideration of the premises and subject to the terms and conditions herein contained, the parties agree as follows:

1. Section 2.2 of the Security Agreement is hereby amended by adding at the end thereof the following:

At such times as the Borrower identifies to the Lender those units of Rolling Stock which have been remarked, the Borrower shall also identify to the Lender on a letter or schedule (a) those units of Rolling Stock, the lessees or sublessees of which have been granted the non-disurbance rights referred to in Subsection 9.7 of the Loan Agreement, (b) the reporting marks of such units of Rolling Stock, and (c) the lease or sublease to which such units are subject.

2. This Amendment is limited precisely as written and shall not be deemed (a) to be a consent to any modification or waiver of any other term or condition of the Security Agreement, or any of the documents referred to therein or (b) to prejudice any right or rights which the Secured Party may now have or may have in the future under or in connection with the Security Agreement or any of the documents referred to therein.

3. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all of which counterparts, taken together, shall constitute but one and the same agreement.

4. This Amendment shall inure to the benefit of and be binding upon the Secured Party and its successors and assigns and shall inure to the benefit of and be binding upon the Borrower, its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

ITEL RAIL CORPORATION, a
Delaware corporation

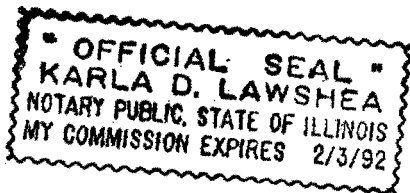
By: Robert Krehule
Its: Vice President Finance

HELLER FINANCIAL, INC., a
Delaware corporation

By: Colleen Palmer
Its: Vice President

STATE OF ILLINOIS)
COUNTY OF COOK)

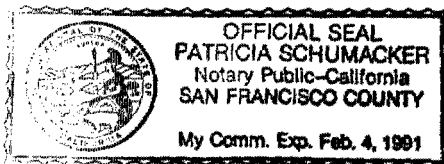
On this 20th day of September, 1988, before me personally appeared Colleen A. Palmer, to me personally known, who, being by me duly sworn, says that she is Vice President of Heller Financial, Inc. and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Karla D. Lawshea
Notary Public

STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO)

On this 19th day of September 1988, before me personally appeared Robert C. Kiehle, to me personally known, who, being by me duly sworn, says that he is Vice President - Finance of ITEL Rail Corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Patricia Schumacker
Notary Public